

waive all claims (1) against any payments received and placed into a blocked account, except as may be later authorized by law, regulations, or license, and (2) against the U.S. Government with regard to the disposition of the amounts placed into a blocked account.

The statement should be dated and signed by the exporter or by a person authorized to sign on the exporter's behalf. The Customs Service may release the goods to the exporter upon receipt of the documentation and statement described above, provided it is satisfied that all customs laws and regulations have been complied with, including the execution of such hold harmless assurances as it shall determine to be appropriate. The documentation and statement received by Customs will be forwarded to the Office of Foreign Assets Control for review and appropriate action.

**§575.518 Certain standby letters of credit and performance bonds.**

(a) Notwithstanding any other provision of law, payment into a blocked account in a U.S. financial institution by an issuing or confirming bank under a standby letter of credit in favor of a beneficiary that is the Government of Iraq or a person in Iraq is prohibited by §575.201 and not authorized, notwithstanding the provisions of §575.503, if:

(1) The account party is a U.S. person; and

(2)(i) A specific license has been issued pursuant to the provisions of paragraph (b) of this section, or

(ii) 10 business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Iraqi beneficiary in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this section relieves any such bank or such account party from giving any notice of defense

against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless:

(1) 10 business days have expired since the bank has received notice of the removal of the injunction, and

(2) A specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Director of the Office of Foreign Assets Control may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this section into a blocked account in a U.S. financial institution or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes the account party on any standby letter of credit or any other person from at any time contesting the legality of the demand from an Iraqi beneficiary or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties to the instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) The section does not authorize any U.S. person to reimburse a non-U.S. bank for payment to a Iraqi beneficiary under a standby letter of credit, except by payments into a blocked account in accordance with §575.503 or paragraph (b) or (c) of this section.

(h) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within 5 business days after receipt of that license that it has established the blocked account on its books as provided in those paragraphs. However, in appropriate

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cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(i) For the purposes of this section:

(1) The term *standby letter of credit* shall mean a letter of credit securing performance of, or repayment of, any advance payments or deposits under a contract, or any similar obligation in the nature of a performance bond;

(2) The term *account party* shall mean the person for whose account the standby letter of credit is opened; and

(3) The term *Iraqi beneficiary* shall mean a beneficiary that is

- (i) A person in Iraq,
- (ii) An entity operated from Iraq, or
- (iii) The Government of Iraq.

## § 575.519 Certain imports for diplomatic or official personnel authorized.

All transactions ordinarily incident to the importation of any goods or services into the United States destined for official or personal use by personnel employed by the diplomatic missions of the Government of Iraq to the United States and to international organizations located in the United States are authorized, not for resale, and unless the importation is otherwise prohibited by law.

## § 575.520 Donations of food to relieve human suffering authorized.

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Iraq of donated food intended to relieve human suffering.

(b) In general, specific licenses will only be granted for donations of food to be provided through the United Nations in accordance with United Nations Security Council Resolutions 661 and 666 and in cooperation with the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under United Nations Security Council Resolution 666 and any other applicable Security Council resolutions, in order

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to ensure that such donations reach the intended beneficiaries.

(c) Applications for specific licenses pursuant to paragraph (a) of this section shall be made in advance of the proposed exportation, and provide the following information:

(1) The nature, quantity, value, and intended use of the donated food; and

(2) The terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of foodstuffs under applicable United Nations Security Council resolutions, including Resolutions 661 and 666.

## § 575.521 Donations of medical supplies authorized.

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Iraq of donated supplies intended strictly for medical purposes, in accordance with the provisions of United Nations Security Council Resolutions 661 and 666 and other applicable Security Council resolutions.

(b) In general, specific licenses will only be granted for the exportation of medical supplies through the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under applicable Security Council resolutions, in order to ensure that such supplies reach the intended recipient.

(c) Applications for specific licenses pursuant to paragraph (a) shall be made in advance of the proposed exportation, and provide the following information:

(1) The nature, quantity, value, and intended use of the medical supplies;

(2) The terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of medical supplies under applicable Security Council resolutions.